

Message Text

PAGE 01 STATE 106916

66

ORIGIN ARA-10

INFO OCT-01 ISO-00 COME-00 EB-07 TRSE-00 L-02 CIAE-00

INR-07 NSAE-00 SS-15 NSCE-00 SP-02 INRE-00 SSO-00

NSC-05 FRB-03 AID-05 CIEP-01 CEA-01 OMB-01 /060 R

DRAFTED BY ARA/BC:WLOWENTHAL:BJD

APPROVED BY ARA:WDROGERS

----- 058902

O 072317Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO IMMEDIATE

C O N F I D E N T I A L STATE 106916

E.O. 11652:GDS

TAGS: OVIP (JORGE CAUAS), CI

SUBJECT: MINISTER OF FINANCE'S CALL ON ASSISTANT SECRETARY ROGERS

REF: SANTIAGO 3083

1. MINISTER OF FINANCE, JORGE CAUAS, AND AMBASSADOR TRUCCO CALLED ON ASSISTANT SECRETARY ROGERS ON MAY 6.
2. THE MINISTER EXPLAINED THAT THE MAIN PURPOSE OF HIS TRIP WAS TO FIRM UP NEGOTIATIONS FOR A DOL 150 MILLION MEDIUM-TERM LOAN FROM A GROUP OF NEW YORK BANKS WHICH HIS GOVERNMENT WOULD USE TO MAKE THE COMPENSATION PAYMENTS TO THE EXPROPRIATED U.S. COMPANIES. CAUAS EXPLAINED THAT THIS NEGOTIATION, ALONG WITH THE PARIS CLUB RESCHEDULING, WERE CRUCIAL TO CHILEAN ECONOMIC RECOVERY. HE SOUGHT SUPPORT FROM THE USG FOR THESE ENDEAVORS.
3. MR. ROGERS EXPLAINED THAT WHILE WE HAD NOT AS YET HAD NEWS FROM PARIS WE WERE COMPLETELY IN FAVOR OF RESCHEDULING AND THAT WE ALSO LOOKED WITH FAVOR ON THE LOAN FROM THE CONFIDENTIAL

PAGE 02 STATE 106916

NEW YORK BANKS.

4. CAUAS SAID THAT SUBSTANTIAL IMPROVEMENTS AFFECTING HUMAN RIGHTS AS WELL AS THE ECONOMY WERE TAKING PLACE ON THE

CHILEAN SCENE. HE CITED THE NATIONAL SECURITY LAW WHICH TRUCCO EXPLAINED PROVIDED FOR THE FIRST TIME A LEGAL BASIS FOR WHAT HAD BEEN MERELY REGULATION. HE REFERRED TO THE WORKER PARTICIPATION ASPECT OF THE SOCIAL STATUTE OF ENTERPRISE AND THE NAMING OF TWO ADDITIONAL CIVILIAN CABINET LEVEL MEMBERS (ENRIQUE VALEZUELA, MINISTER OF MINES AND FERNANDO LENIZ, VICE PRESIDENT OF CODELCO). HE REMARKED THAT THE SELECTION OF THE NEW MINISTER OF JUSTICE WOULD DO MUCH TO STRENGTHEN THE CIVILIAN JUDICIAL SYSTEM AND THAT SCHWEITZER WILL BE GOING TO GENEVA TO MEET THE UN HUMAN RIGHTS TEAM AND PREPARE FOR ITS VISIT TO CHILE.

5. MR. ROGERS ACKNOWLEDGED THE FAVORABLE DEVELOPMENTS AND SAID HE TRUSTED THAT WHEN IMPLEMENTED THEY WOULD HAVE A BENEFICIAL EFFECT ON THE ECONOMY AND THE IMAGE.

6. CAUAS EXHIBITED TENSE CONCERN ABOUT THE PERIOD HIS COUNTRY WAS FACING, BUT SAID THERE WAS NO OTHER RECOURSE THAN TO TAKE MORE AGGRESSIVE ANTI-INFLATIONARY MEASURES. HE SPOKE OF REDUCING GOVERNMENT ESCUDO EXPENDITURES BY 10-15 PER CENT AND FOREIGN EXCHANGE EXPENDITURES BY AS MUCH AS 25 PER CENT. TAXES WOULD BE RAISED 10 PER CENT. HE ACKNOWLEDGED HAVING A SPECIAL FUND FOR JOBS FOR THE UNEMPLOYED. ALL THESE MEASURES HE SAID WOULD BE TAKEN IN VAIN IF THE EXTERNAL SECTOR DID NOT RECEIVE ASSISTANCE FROM CREDITORS, THE BANKS AND THE IFIS.

7. MR. ROGERS REPLIED THAT HE UNDERSTOOD THE PROBLEM, SYMPATHIZED WITH THE MINISTER'S TASK AND WOULD DO ALL HE COULD TO SUPPORT HIS GOVERNMENT'S REQUESTS FOR DEBT RESCHEDULING AND LOANS BY THE IFIS. HE TOLD THE MINISTER THAT HE COULD TELL THE NEW YORK BANKERS THAT THE U.S.G. WOULD BE MOST APPRECIATIVE OF ANY ASSISTANCE THEY COULD PROVIDE.

8. CAUAS SEEMED RELIEVED AND GRATEFUL, SAID HE WAS GOING TO THE IMF, OAS AND MAY 7 WOULD CALL ON MCNAMARA
CONFIDENTIAL

PAGE 03 STATE 106916

AND THE IDB. HE WILL BE IN NEW YORK THE 8TH AND 9TH AND BACK IN WASHINGTON THE 12TH BEFORE RETURNING TO CHILE. BY THEN WE WOULD EXPECT TO HAVE RECEIVED NEWS OF THE PARIS MEETING. KISSINGER

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE106916
Document Source: ADS
Document Unique ID: 00
Drafter: ARA/BC:WLOWENTHAL:BJD
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D750160-1036
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197505101/baaaajac.tel
Line Count: 102
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 16 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 MAY 2003 by CunninFX>; APPROVED <01 OCT 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: OVIP, CI, (CAUAS, JORGE)
To: SANTIAGO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006